GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:1358
ANSWERED ON:16.07.2004
PROBLEMS FACED BY HANDLOOM SECTOR
Subba Shri Moni Kumar

Will the Minister of TEXTILES be pleased to state:

(a) whether Government has recently received any representation, through Members of Parliament and otherwise, from the Handloom Export Promotion Council, highlighting the problems faced by producers and exporters of Handloom export, including the high cost of production, low productivity and the competition that Indian Handloom have to face in International market;

(b) if so, what specific issues raised by them, and the aid or relief for the industry have been sought; and

(c) the reaction of the Government and response thereto?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) Yes Sir. The Chairman, Handloom Export Promotion Council (HEPC) had submitted a Memorandum during the month of June 2004 to the Ministry of Textiles highlighting the problems faced by the handloom exporters including low productivity and high cost of production, etc., It is given to understand that the Chairman, HEPC had also submitted the Memorandum to the Ministry of Finance and addressed letters to few Members of Parliament seeking their help and cooperation in solving the problems faced by the Handloom Industry.

(b) In the memorandum, the following issues were raised/aid or relief sought:
i) Removal of supply side constraints
ii) Special efforts to promote export from Northeastern Region and Eastern Region
iii) Design support to small exporters for product diversification / development
iv) Support for the Market Study and Collection of Trade Information
v) Publicity in the Importing Countries
vi) Benchmarking and Brand Promotion
vii) Restoration of Excise Duty Exemption to Hank Yarn
viii) Restoration of IT Exemption under section 80 HHC ix) Exemption from excise duty on handloom fabrics / made-ups irrespective of whether it is processed or unprocessed and if processed, with or without the aid of power or steam. x) Special scheme to promote handloom small and medium enterprises
xi) Launching of an integrated cluster development programme xii) Pressing for Tariff exemption to handlooms in importing countries xiii) Denial of the benefit or deduction u/s 80 1A/80 IB and 80 HHC(3a) of the Income Tax Act, 1961.

(c) The Chairman, HEPC had personally explained the said problems to Hon`ble Minister of Finance, Hon`ble Minister of Textiles and Hon`ble Minister of Commerce, who have taken note of the suggestions of the Council. In fact, in the recent budget, substantial relief has been provided to Handloom Sector by way of introduction of a new regime under which firstly, the mandatory CENVAT Chain stands abolished and, secondly, there will be no mandatory excise duty on pure cotton, wool and silk, whether it is fibre, yarn, fabric or garment.